March 19, 2001

Dear Sirs/Mesdames:

Harvard University ("The University") welcomes the opportunity to comment on Public Law 106/107, the *"Federal Financial Assistance Management Improvement Act of 1999,"* and applauds the Federal government's goals to achieve efficiency, simplify existing practices, improve coordination among agencies and provide better delivery to those receiving federal financial assistance through this Act.

In this correspondence we will make some general observations in areas where we have experienced significant difficulties and challenges and provide some suggestions for improvement. Additionally, we will offer some specific examples, by functional area: pre-award, post-award, audit oversight and electronic E-Grants, as prescribed by the CFO Council for the design, development, and implementation of PL 106/107.

General Observations:

Rather than drilling down immediately into the details of which particular forms we find useful for grants management and those we do not, we suggest that the CFO Council and functional working groups develop a set of concrete operating principles to serve as a framework for

deliverables that come out of these working groups. We suggest that some of these operating principles might include:

1. Clear coordination and communication between and among all functional areas. For example, we have found that a simplifying initiative lauded by NIH program officers (NIH Modular grants) is found to be problematic and prone to audit risk (non-CAS compliant) by government auditors and F&A negotiators.

2. Single, uniform, simple, clear electronic formats for all agencies covering all aspects of grants management: applications, financial reporting, letter of credit drawdowns, patent reporting, etc. By way of example, Harvard supports fifteen letter of credit mechanisms, each using varying formats, allowing us to draw in varying frequencies, requiring varying level of detail to report and reconcile these accounts. It seems this process could be vastly simplified.

3. Engagement of grantee participation early in the streamlining process through pilot programs. We understand that the Federal government views the Federal Demonstration Partnership (FDP) as the forum through which various initiatives related to PL 106/107 will be introduced. In September 2000, the Federal government described PL 106/107 to the FDP. As this was the unveiling of the initiative, there was little opportunity for the University community beyond FDP participants to respond or discuss the content of PL 106/107. We suggest ongoing, frequent interactions with FDP, COGR, and other University partners early on in the process and recommend that universities be represented in the working groups.

4. At the same time as you eliminate the unnecessary, we strongly recommend that you do not simply for the sake of simplification. This is a complex area, and solicitations and grants should be tailored to the requirements.

5. The scope is this Act is quite broad. We'd be interested in knowing if you have some prioritization process for these areas identified. In our view, focusing on a single electronic Federal Commons platform is the most critical area as it is the infrastructure for many of the other items/areas identified for simplification and improvement.

Detailed Observations by Functional Area:

Pre-award:

1. *Notification of Funding Opportunities/Solicitations.* We recommend that all RFAs, RFPs, BAAs, etc. be posted on one searchable (e.g., by key word/s, field, date, agency, etc.) Web Site with new notices posted once a week. Notices should include a URL link to the "Universal Application Web Site" recommended below and to other Federal and non-federal Web Sites with information relevant to the announcement. An email-based "Federal Assistance Subscription Service" should be developed that allows subscribers to design their own subscriptions. For example, subscribers may elect to receive all notices or a subset of notices, e.g., just those from NIH, NSF, and Department of Agriculture. Using the *NIH Guide Table of Contents* as a model, subscribers would receive a weekly email message that lists all funding opportunity announcements, as defined by their subscription, with relevant URL links.

2. *Universal Application.* We recommend the development of a "Universal Application Web Site" from which a standard application could be downloaded and printed for use across all

Federal agencies. Recognizing that on occasion agencies may need specialized programmatic information to assist in the decision-making process, we recommend that the application Web Site also include a section for each federal agency from which applicants can download agency-specific forms which would be appended to the universal application as needed. Any application requirements in addition to the universal application should be noted in the RFA/RFP with appropriate URL links.

3. *Agency Specific Applications.* Should the concept of a universal application not be deemed feasible with continued reliance on agency-specific applications, we recommend that, at a minimum, application requirements be consistent across each agency's departments/institutes. For example, as the NIH application process is currently structured, on the same day one could submit several RO1 applications to different NIH institutes each with different non-programmatic requirements, e.g., in accordance with Just-in-Time procedures, as a modular grant, or with some other institute-specific requirement. This can lead to confusion within a sponsored research office as principal investigators and staff struggle quickly to assemble applications/proposals in the correct format.   In addition, attention should be directed at making applications less bureaucratic and enigmatic.

4. *Electronic Submission of Proposals.* If a proposal is submitted electronically, it should not subsequently have to be resubmitted with hard copy signatures. Electronic signatures should be deemed acceptable. Electronic submission of applications/proposals and related materials should be limited to designated institutional officials rather than to the principal investigator or other participants in the application/proposal development process.

5. *Narratives.* Consideration should be given to standardizing the number of pages for the narrative across all agencies.

6. *Form 424.* Application forms using the 424 form should be redesigned for clarity and ease of completion

7. *Human Subjects.* Currently, the timing of submission, type of information needed and its presentation varies across agencies which typically fund research involving human subjects. We recommend the development of common submission requirements and formats.

8. *Certifications/Assurances.* This is an area that would benefit from careful scrutiny and review with every effort directed at simplification, uniformity, and elimination of redundancies. The differing agency requirements are cumbersome and confusing. Some agencies, such as the EPA, require certification forms at the time the application is submitted and at the award stage. Other agencies require submission of certification forms at some point in the process, but then cite them again in the terms and conditions. We recommend the development of annual, Web-based "Universal" certifications and assurances (e.g., drug free workplace), for all Federal submissions, with clear, concise instructions unless by their nature the certifications and assurances are solicitation specific. In these situations, submission should take place one-time only, either at the proposal or award stage, and should be Web-based. We also recommend the elimination of certifications and assurances that do not apply to the nature of the work being done under the grant. For example, a research grant from the Department of Justice should not routinely include assurances like complying with the Coastal Barriers Resource Act, Floodplain Management and Protection Procedures, and Procedures for Implementing the National Environmental Policy Act.

9. *General Availability of Forms.* All grant forms should be available via the Web.

10. *Budget Revision.* Budget revisions should be electronic.

11. *Supplemental Funding Requests.* These should be made electronically.

12. *Current and Pending Support.* We recommend that this form either be deleted or requested by the agency at the award stage.

13. *Terms and Conditions.*

    a. Terms applicable to service agreements, construction agreements or commercial agreements should not be included in R&D solicitations.

    b. Each agency should be required annually to review and justify all of its unique agency provisions. This will mean that "legacy" provisions, long out of date, will not be perpetuated, that provisions will be updated regularly, and new provisions added in a timely manner.

    c. In contracts terms are keyed to a dollar value, i.e., the lower the dollar value, the less of these apply. A similar hierarchy should apply to grants.

    d. If an agency's general provisions address a subject, the agency should not be allowed to make the requirement more stringent. For example, the Department of Justice's general provisions allow the grantee to submit its final financial report 90 days after the end of the contract. The agency should not make that 45 days or 60 days.

    e. Not every grantee (including small colleges) is familiar with Federal grant requirements. Government certifications, assurances, and terms should therefore have context and explanatory information available on the forms (or attached to them), to allow a novice to understand what is being requested and why.

    f. On grants, some agencies, e.g., NASA, typically include a standard set of clauses, regardless of their applicability to the project. Whenever possible and not burdensome, we recommend tailoring them to meet the project's needs.

g. We recommend a review and clarification of intellectual property provisions with respect to software developed with grant funds. There is a lack of consistency across agencies with particular confusion surrounding prior approval before asserting copyright to software in Department of Energy awards.

14. *Notice of Grant Award.* These should be standardized across agencies and provided electronically. If universal standardization is not an option, then each agency should develop uniform policies and procedures regarding format and data that will consistently be adhered to within the various departments/programs/institutes. For example, there is a wide range of data provided across NIH institutes. At a minimum, we recommend the restoration of the budget detail previously provided.

Post-award:

Below are some detailed comments on where the federal government may achieve simplicity and efficiencies in post award processes.

1. Standardization of reporting methods - choose either to report on current or cumulative expense balances – currently different agencies, NIH, EPA, CDC, require different methods

2. Consistent use of sf269 between short and long forms

3. Standardize information on and format of Notice of Grant Award (NGOA); different agencies have different forms with varying degrees of information re: expanded authorities, reporting, etc.; even institutes within NIH differ in data provided; restore former level of budget detail on NIH and other DHHS training grants

4. Standardized policies on use of program income

5. Faster recognition of carryforwards between competing segments (and transfers); elimination of unnecessary restrictions on transferred balances; consistent documentation of carryforward approvals (revised NOGA vs. letter format)

6. Eliminate delays in issuing noncompeting NOGAs

7. Unified Letter of Credit system for all granting agencies *(see Attachment A)*

8. Faster updating of IMPAC system to reflect FSRs filed, revisions, carryforwards between segments, etc. *(see Attachment B)*

9. Elimination of reporting redundancies; some agencies require monthly invoices and quarterly 269's (FSRs)

10. Simplified, consistent and uniform closeout documents: combine final progress report with patent form; why do some agencies require assignment and release forms and others don't?

11. Improve granting agency internal communication so that one unit of an agency is not calling grantees for copies of a report only required to be filed with another unit and not yet forwarded by that unit to the requesting one

12. Eliminate varying levels of detail in reporting; HUD requires low level detail of all travel expenses

13. Development of a web-based reporting and inquiry system for all granting agencies

OMB Circulars: When changes are made to one OMB Circular, the government should strive to achieve consistency among and between the Circulars. By of one example, A-21 states that patent costs are allowable only for those awards for which the government retains title to the patent. Since the advent of the Bayh-Dole act, title to government sponsored inventions typically belong to the institution and the government receives a royalty free license to use the invention.

However, the wording of A-21 was not revised to reflect this change in patent ownership making it difficult for universities to recover patent prosecution costs through the facilities and administrative rate. In contrast, the issue of patent cost allowability is clearer for non-profits. OMB Circular A-122 allows non-profits to be reimbursed for patent costs where title OR a royalty-free license is conveyed to the Federal government. For some reason the royalty-free license option was never incorporated into A-21. There is no apparent reason for these Circulars to opine differently on this type of cost.

Along these lines, the government should strive to keep the Circulars current. The cost of technology, a key driver now and prospectively for our business processes, is not addressed in A-21, nor are cellular phone charges, internet access costs, digital library costs, or other technology-related costs. Without guidance, these costs become vulnerable to audit interpretation and judgment, which may set unnecessary precedence.

Audit Oversight:

The university takes its stewardship role over federal funds very seriously and the corresponding accountability to the public tax payers equally as seriously. The annual audit test of our compliance with regulations surrounding federal funds is the OMB A-133 Audit. Our experience suggests that this audit focus on testing allowability and allocability of direct costs charged to federal awards. History shows that the auditors arrive at the same findings year after year; that is, a very small percentage of direct costs charged to approximately $325M in federal funding are deemed unallowable or unallocable ($4-5k). This effort consumes thousands of hours (and dollars) in total, when one considers auditors and University personnel involved. One

wonders if a more meaningful audit might be one focused to the bigger picture of grants management and program goals designed to answer questions like the following:

1. Are the objectives of the project being realized?

2. How effective are business processes surrounding grants management?

3. Where are the major risk areas?

4. How can those risks be mitigated?

5. Are those individuals involved on the grants management process aware of their roles and responsibilities?

6. What training programs exist to support knowledge management in research administration?

In our view, an audit or review targeted to these areas would provide more value added to the process rather than the existing extensive transactional testing approach, which yields very little in relation to the vast effort and cost associated with this approach.

Moreover, subrecipient monitoring (as part of the A-133 audit) in our view is neither realistic nor cost effective. Rather than placing prime recipients in the position of overseeing and responding to our subrecipients' adherence to compliance, we suggest that we take responsibility for following up on findings related to the specific awards for which we are the prime. This approach is realistic and we could sensibly approach the principal investigator to assist with the concerns raised.

Along comments in the audit area, every few years we calculate and submit a Facilities and Administrative (F&A) cost proposal to our cognizant agency. The "facilities" component of this

proposal is most often audited in detail (as the Administrative component is capped at 26 pts). We have found that since the "predominant use" concept was removed from OMB Circular A-21, we have spent endless hours debating with auditors about the functional use of space. While A-21 states that the Instructional portion of space must be recognized, it does not allow for any convention in order to do so—as such, whatever allocation to Instruction or other non-research activity we provide for, can be open to wide audit interpretation and discounted heavily by auditors. Space studies are time consuming, complicated, and costly. The F&A calculation procedures could be vastly simplified by restoring the predominant use concept in OMB A-21.

Electronic Initiatives:

As highlighted throughout this communication, electronic processing is a highly desired end state, specifically the availability and uniformity of information and forms on or via the Web. We believe it is imperative that Federal Agencies succeed in creating a Federal Commons that meets the needs of most recipients and suggest that it be viewed as a shared goal in order to be successful. To this end, we would recommend providing mechanisms for greater inclusion of the University research community (including the business and technical perspectives). This could include University pilot sites and increased University participation on Task Forces and Work groups. Many of our organizations are in either a planning or implementation phase for grants management support and would welcome an opportunity to work side by side with this effort

Summary:

Harvard is pleased to provide input to these critical government initiatives and would be pleased to be an active participant early on in pilot projects, discussions, or other venues that the federal government may find suitable. We understand our partnership is crucial to the research enterprise and that we must employ practices and procedures that ensure strong and solid stewardship over the funding supporting our partnership. Please contact us with any questions or comments, or about any way we can assist in this important endeavor.

Sincerely,

Director of Sponsored Research

ATTACHMENT A – HARVARD UNIVERSITY
Federal Letter of Credit Requirements

FEDERAL SPONSORING AGENCY NAME	A. What payment systems are you currently required to use to receive grant payments?	B. Which of these systems offer on-line services?	C. Does the use of multiple payment systems by Federal agencies cause a burden on your financial system?
Agency for International Development	Payment Management System (PMS) Web Site	Yes, 272 Submittal	Yes, this causes the need to obtain the information needed in different formats based on the requirements of each agency.
Department of Commerce	Financial Assistance Disbursement System (FADS) via Internet	No	
Department of Agriculture	Payment Management System (PMS) Web Site	Yes, 272 Submittal MAILED OUT	
Department of Education	Grant Administration and Payment System (GAPS) via Internet	NO 272 REQUIRED	
Department of Energy	Automated Standard Application for Payment (ASAP)	No	
Environmental Protection Agency	Automated Standard Application for Payments (ASAP)	No	
Department of Health & Human Services	Payment Management System (PMS) Web Site	Yes, 272 Submittal	
Commission on National Community Services Within Higher Education	Payment Management System (PMS) Web Site	Yes, 272 Submittal	
Department of Housing and Urban Development (HUD)	Line of Credit Control System (LOCCS)Voice Response	No	
National Endowment for the Humanities	Faxed SF 270	No	
Department of Justice	LOCES: LETTER OF CREDIT ELECTRONIC SYSTEM	No	
Department of Labor	Payment Management System (PMS) Web Site	Yes, 272 Submittal	
National Aeronautics & Space Administration	Payment Management System (PMS) Web Site	Yes, 272 Submittal	
National Science Foundation	Automated Standard Application for Payments (ASAP)	YES 272 Electronically transmitted via FASTLANE	
Small Business Administration	Voucher Faxed	No	

ATTACHMENT B – HARVARD UNIVERSITY

Comments on Public Law 106, 107

Improvements to the IMPAC System

The NIH IMPAC system should be upgraded to make better use of technology and software available today and improve both the timeliness of reporting and simplify the review process for NIH.

- All Institutes and Centers should be included under the IMPAC system. Currently IMPAC does not include all components of the NIH and although the system is helpful as a guide for some reports that are due, it will not be complete and accurate until all Institutes and Centers are under the umbrella of IMPAC.
- The system should be set up in an HTML format run through Netscape (free to all educational institutions) as a web based system. The forms (SF272, SF269, SF270, 1034/35) should be scanned into the system and fields should be set up to enter the information. The completed form can be submitted much like placing a shopping order on line and secure measures should be set into place much like entering credit card information when shopping.
- The IMPAC system should be a model to be used by all Agencies of the Federal Government that requires submission of financial reports. The reports are mainly standard across the board and all agencies (i.e. DOD, DOE, NASA, Dept of Education, etc.) should be able to provide the end user with the same type of system for both reporting and reminders of what reports are due at what times.
- A user should be able to sign into the system and choose the appropriate agency to submit the information. Scroll bars should be used whenever possible to allow ease of use by user for choice of agency, form to be submitted, listing of reports due, etc.

SCROLL BAR EXAMPLES:

Agencies:	Institutes:	Report Type:	Reports Due:
NIH ⇨	NCI	SF272 – Final	Finals
	NEI	SF272 – Annual	Annual
	NHLBI	SF272 – Quarterly	Semi-Annual
	NHGRI	SF270 – Final	Quarterly
	NIA	SF270 – Annual	Monthly
	NIAAA	SF270 – Quarterly	
	NIAID	SF269 – Final	
	NIAMS	SF269 – Annual	
	NICHD/NCMRR	SF269 – Quarterly	
	NIDCD	1034/35 – Final	
	NIDCR	1034/35 – Annual	
	NIDDK	1034/35 – Quarterly	
	NIDA		
	NIEHS		
	NIGMS		
	NIMH		
	NINDS		
	NINR		
	NLM		
	CC		
	CIT		
	NCCAM		
	NCRR		
	FIC		

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